

SUPPORTIVE INTERNATIONAL HOLDINGS BERHAD

(COMPANY NO: 189740-X)
(INCORPORATED IN MALAYSIA)

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation

The interim financial report has been prepared in accordance with the requirements of *FRS 134 Interim Financial Reporting* and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The same accounting policies and methods of computation have been followed in the interim financial report as compared with the Group's annual financial statements for the preceding financial year.

2. Seasonal or Cyclical Factors

The interim operations of the Group were not affected by any seasonal or cyclical factors.

3. Unusual Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the interim period.

4. Changes in Estimates

There were no changes in estimates of amounts reported in the prior financial years that have a material effect in the current interim period.

5. Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during the interim period.

6. Dividend Paid

There was no payment of dividend during the interim period.

7. Segment Information

Business Segment	Current Quarter Ended 31 Jan 2010		Cumulative Year Ended 31 Jan 2010	
	Segment Revenue RM'000	Segment Results * RM'000	Segment Revenue RM'000	Segment Results * RM'000
Manufacture of plastic components	10,844	(658)	57,554	7,594
Property development	6,323	950	6,323	726
Property letting	210	(967)	840	(870)
	<u>17,377</u>	<u>(675)</u>	<u>64,717</u>	<u>7,450</u>

* Excluding interest income, interest expense and taxation

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8. Material Events

During the quarter under review, Company had entered into a Strategic Cooperation Agreement (“SCA”) with Digital China Advanced Systems Services Limited (“DCASS”), a subsidiary of Digital China Holdings Limited to commission DCASS to provide technical advisory service in relation to Hunan Province Chang De Municipal Value Added Operations Project (Citizen Card and Mobile Electronic Business Project) (“CCMEB”). In consideration of the Company commissioning DCASS to provide technical advisory services on the CCMEB, The Company will pay DCASS a total consideration of RMB2 million (equivalent to approximately RM1 million) whereby RMB1 million (equivalent to approximately RM500,000) will be paid 2 weeks from the date of the SCA and the balance of RMB1 million will be paid before 31 March 2010.

Subsequent to the balance sheet date, the Company has accepted the offer by GEM Investment Advisors, Inc. (“GEMIA”) the right to place with GEM Global Yield Fund (“The Purchaser”) up to RM120,000,000 structured as an equity line of credit (the “Proposed Transaction”). The Company has entered into a non-binding term sheet (“Term Sheet”) which sets out the principal indicative terms of the Proposed Transaction, is not intended to be exhaustive, and the parties will prepare and negotiate the necessary documentation reflecting such terms. The Proposed Transaction is subject to the entry into a definitive documentation between the Company and GEM Global Yield Fund in relation to the Proposed Transaction.

9. Changes in Composition

There were no changes in the Group’s composition during the interim period.

10. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since 31 January 2009.

11. Review of Performance

The Group generated revenue of RM64.7 million for the cumulative year ended 31 January 2010, a decrease of RM26.1 million as compare to corresponding preceding year ended 31 January 2009. The decreases of revenue mainly due to discontinued operation of manufacturing of cables, connectors and interphone products segment in September 2008. The Group generated profit before taxation (“PBT”) of RM6.7 million for the cumulative year ended 31 January 2010 as compared to RM14.1 million for the corresponding preceding year ended 31 January 2009. The decrease in the Group PBT due to one-time negative goodwill recognised in the previous financial year amounted to RM9.5 million.

12. Comparison with Immediate Preceding Quarter

For the quarter under review, the Group’s revenue decrease by RM1.5 million as compared to the immediate preceding quarter ended 31 October 2009 mainly due to decrease in sales volume. The Group recorded a loss before tax of RM0.9 million, a decrease of RM3.2 million of profit before tax from the preceding quarter ended 31 October 2009 mainly due to the additional costs incurred for investment in China and year end bonuses paid.

13. Future Prospects

Barring any unforeseen circumstances, the Board expects the financial performance for the next financial year to be satisfactory.

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14. Profit Forecast

There was no profit forecast being previously announced or disclosed in a public document.

15. Taxation

	Current Quarter Ended 31 Jan 2010 RM'000	Corresponding Preceding Quarter Ended 31 January 2009 RM'000	Cumulative Year ended 31 January 2010 RM'000	Corresponding Preceding Year Ended 31 January 2009 RM'000
Tax based on results for the year:-				
Malaysian income tax	(154)	(282)	2,324	1,716
Deferred tax	(411)	5	(411)	(134)
	<u>(565)</u>	<u>(277)</u>	<u>1,913</u>	<u>1,582</u>
Tax (over)/under provided in prior year:-				
Malaysian income tax	586	0	586	(431)
Deferred tax	(10)	(323)	(10)	101
	<u>11</u>	<u>(600)</u>	<u>2,489</u>	<u>1,252</u>

The effective tax rate is higher than the statutory tax rate due to the disallowable expenses.

16. Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments and/or properties during the interim period.

17. Purchase or Disposal of Quoted Securities

There was no purchase or disposal of quoted securities during the interim period.

18. Corporate Proposals

There was no corporate proposal announced but not completed as at 24 March 2010, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

19. Bank Borrowings - Secured

	As At 31 Jan 2010 RM'000	As At 31 Jan 2009 RM'000
Term loan	<u>19,061</u>	<u>22,096</u>

20. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 24 March 2010, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

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21. Changes in Material Litigation

There were no changes in material litigation since 31 January 2009 up to 24 March 2010, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

22. Dividend Declared/Recommended

There was no declaration/recommendation of dividend during the interim period.

23. Earnings per Share

The basic earnings per share is calculated by dividing the profit after tax by the weighted average number of ordinary shares in issue during the interim period as follows:-

	Current Quarter Ended 31 Jan 2010	Corresponding Preceding Quarter Ended 31 January 2009	Cumulative Year ended 31 January 2010	Corresponding Preceding Year Ended 31 January 2009
Profit/(loss)after tax (RM'000)	(863)	9,704	4,214	12,906
Weighted average number of ordinary shares ('000)	218,488	218,488	218,488	215,114
Basic earnings per share (sen)	<u>(0.39)</u>	<u>4.44</u>	<u>1.93</u>	<u>6.00</u>

The diluted earnings per share equals the basic earnings per share as there were no dilutive potential ordinary shares during the interim period.

24. Audit Qualification

The audit report on the Group's annual financial statements for the preceding financial year was not subject to any qualification.

25. Conditions Imposed By Securities Commission ("SC")

The conditions imposed by the SC in its approval letter dated 10 October 2007 in relation to the Acquisition and the status of compliance are as follows:-

(i) Supportive International to rectify/obtain relevant approvals for the extensions/renovations on the following properties:-

(a) Lot Nos PT 66400, 66401, 66406 and 66407, Bandar of Sungai Petani, District of Kuala Muda, Kedah; and

(b) Lot Nos PT 17611, Bandar of Sungai Petani, District of Kuala Muda, Kedah.

within 1-year from the date of SC's approval letter, however, on SC had via its letter dated 21 October 2009, approved the extension of time of 1-year to 10 October 2010 for Supportive International to comply with the above condition.

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25. Conditions Imposed By Securities Commission (“SC”) (Cont’d)

- (ii) CIMB Investment Bank Berhad/Supportive International to make quarterly announcements on the status of applications for the approval of the extensions made to the factories and the Certificate of Fitness or Certificate of Completion of the said factories to Bursa Malaysia Securities Berhad.

As at the date of issue of this quarterly report, Supportive International has yet to obtain approvals from the relevant authorities for the extensions/renovations of the abovementioned properties.

BY THE ORDER OF THE BOARD

DATO’ LEE KUANG SHING, JP
EXECUTIVE CHAIRMAN

31 March 2010